

What You Need to Know About Being an Accounting Major

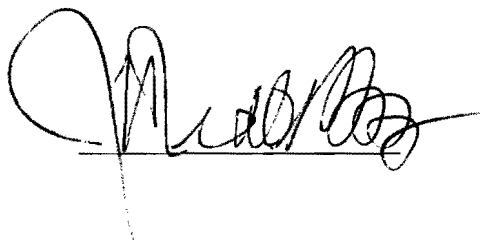
An Honors Thesis (HONRS 499)

By

Brittany Wingerter

Thesis Advisor

Dr. John Ledbetter

A handwritten signature in black ink, appearing to read "John Ledbetter", written over a horizontal line.

Ball State University

Muncie, Indiana

May 2008

5/15/11
The Story
11
2011
20
2008
Wrege

Abstract

The steps to take during the college years in order to be successful in the real world are not always apparent to beginning accounting majors. Often for young accounting majors, the right information is not sought after or readily available, which can lead to no clear sense of purpose and lack of concrete goals for after graduation. In order to overcome this obstacle, I compiled the information I found useful during these formative years. This information includes benefits, career options, the academic path to follow, and information about making career decisions. The information is in text and video form, and includes interviews from professionals, professors, and a graduating accounting student.

Acknowledgements

- I want to thank Dr. John Ledbetter for advising me through this project, making helpful suggestions, and critiques.
- I would also like to thank Mrs. Amy Chambers, Mr. Richard Culp, Dr. James Duncan, Ms. Diane Schabath, Miss Sarah Stall, Dr. Lucinda Van Alst, Mr. Robert Wingerter, and Dr. William Wrege, who all provided their time to carry out interviews for my project.

Introduction

This thesis provides information I compiled that will successfully guide an Accounting major from the beginning introductory classes to ultimately accepting an exciting job offer. This paper describes the benefits of choosing an accounting major, explains career options, and identifies steps to follow from freshman year through graduation. A video recording of information presented and interviews referenced in this paper accompany the text. The thesis will include advice from professors and professionals in the accounting world, and an accounting student who has successfully completed the process with a great accounting job in hand.

Background

As a newly declared pre-business major in the Miller College of Business, I was excited about the possibilities that lay before me. There were so many choices to make, from the most important selection of major, to the smaller, though still important, decision of what activities to participate in. For assistance in making the best possible decision, I consulted business people I knew and respected who could speak from experience. One such person, a member of my family, has enjoyed a very successful 30 year career with a Big Four accounting firm in Indianapolis. I could clearly see his love for the job, and that, coupled with the potential monetary benefits, intrigued me. This influence, along with realizations gleaned from engaging a professional career counselor, ultimately led me to declare an accounting major my junior year.

After deciding what my path of study would be, it was not apparent to me what the next logical steps should be taken in pursuing this major in a “holistic” way that would provide me the maximum benefit. From the beginning, every student knows to consult their class advisor to map out a class schedule, so this was my first step. From there, I stumbled upon Accounting Club and other related

activities through the Career Center. I maneuvered through this process on my own, the whole time wishing for one place where I could acquire specific information and guidance about the accounting major. If I had known to go see my advisor, many of my questions would have been answered.

Benefits

To discover the benefits of choosing an accounting major, I first conducted internet research. The first benefit I found is the high demand in the job market. An article in *Financial Week* said that according to a recent survey by Robert Half International, the demand for accounting and finance professionals is expected to rise 10% at the beginning of 2008.¹ The high competition leads companies to college campuses in hopes of recruiting top accounting students.

The second benefit I determined was the salary and earning potential for new account graduates. Graduates with an accounting degree can earn a very good living with some of the highest beginning salaries in the business world. The American Institute of Certified Public Accountants (AICPA) posted a table stating the starting and potential salaries for 2008 which are from Robert Half International.²

¹ Frank Byrt "Demand for Accountants Expected to Rise 10% in Early 2008." Financial Week
<<http://www.financialweek.com/apps/pbcs.dll/article?AID=/20071205/REG/71205005/1036>>

² <<http://www.startheregoplaces.com/todayscpas/salaries/?SSID=A831A21DB109427C9BD525AECDAF920D>>

Employer	Jr. Level (0 - 3 yrs.)	Sr. Level (4 - 6 yrs.)
Public Accounting (large firm)	\$47,500-\$66,250	\$64,000-\$83,000
Public Accounting (medium firm)	\$41,500-\$59,500	\$51,500-\$76,250
Public Accounting (small firm)	\$40,000-\$53,250	\$52,000-\$66,500
Corporate Accounting (large co.)	\$36,750-\$55,000	\$53,500-\$71,250
Corporate Accounting (medium co.)	\$34,500-\$50,500	\$49,250-\$63,000
Corporate Accounting (small co.)	\$32,000-\$46,750	\$45,000-\$56,500

(Source: 2008 Robert Half Salary Guide)

Serious earning potential over time gives CPAs great job security. Here are some examples of upper-level salaries for Managers in corporate accounting:

Position	Large Co.	Small to Medium Co.
Chief Financial Officer	\$177,750-\$370,500	\$91,000-\$170,250
Corporate Controller	\$102,500-\$161,500	\$64,250-\$117,000
Tax Manager	\$88,500-\$123,750	\$71,500-\$95,250

(Geographic region, experience, education, CPA certification and company size each play a role in determining salary.)

The AICPA also identified the top reasons students choose to major in accounting. These reasons include optimal job security, greater measure of independence, control and entrepreneurial opportunity, flexibility especially in work hours, and interesting and satisfying work content.

Finally, I asked Dr. Lucinda Van Alst, an accounting professor and chair of the accounting department at Ball State University in Muncie, Indiana, what she saw as the main benefits of choosing an accounting major. She informed me that because she is the department chair, she gets this question from many parents who want their children to have a good education, but also want them to engage in a discipline that is useful to the students after graduation. She reiterated that one main benefit of the major is the high demand for accountants because of the Sarbanes-Oxley Act of 2002, which was enacted to respond to many corporate scandals, such as Enron and WorldCom. With this law came many new rules and regulations that all public companies had to follow, therefore increasing the work of accountants. Dr. Van Alst stated that other benefits include increased compensation and a high job

satisfaction rating. Most students who obtained accounting jobs right after graduation were offered salaries in the high \$40,000s and low \$50,000s. A high job satisfaction is common in the accounting world because these people know they are making a difference by helping the United States and world economy.

Career Options

In addition to the benefits of an accounting major, students need some basic information about the accounting profession. This section describes career options.

According to the AICPA, the five main categories of accounting careers are: public accounting, business and industry, government, not-for-profit, and education. The AICPA goes on to state, a starting staff person in public accounting can do a variety of tasks including auditing and attest functions, tax consulting, financial planning, environmental accounting, and other specialized assurance services. A staff person will work with people from small family-owned businesses to large publicly owned companies.³

For a closer look at public accounting, I interviewed Bob Wingerter, the head tax partner at Ernst and Young. He enjoys working with a variety of companies in a variety of situations. He said that no two days have ever been the same for him, and that seems to be the factor that keeps him most interested in his job from day to day.

It seems that most accounting majors know about the “Big 4” firms, however, I don’t think many of them know there is a whole world beyond those firms. To touch on this point, I interviewed Mr. Richard Culp, an accounting instructor at Ball State University. I asked, “A lot of students think there are only the “Big Four” accounting firms to choose from, or that others are sub par. What would you tell

³ <<http://ceae.aicpa.org/NR/rdonlyres/952C990A-91B0-4D7E-935D-406767000CA9/0/402b.pdf>>

them about other possible job opportunities?” He answered this question by talking about the many possible prospects available in the job market, but that are not “Big Four” accounting firms. He said there are many regional and local firms, even in Indiana, that are very reputable, and students need to remain open-minded about those opportunities.

In Business and Industry, certified public accountants will help determine a company’s profitability, growth and financial future. These accountants can someday be controllers, financial analysts, Chief Financial Officers (CFOs) and Chief Executive Officers (CEOs). Corporate accounting involves working for a public or private company, keeping track of their accounting records, or some smaller portion of the records, such as account payable, if the company is large. For a closer look into corporate accounting, I interviewed Amy Chambers, the head of the tax department at Eli Lilly and Company in Indianapolis, Indiana. Amy really enjoys the corporate aspect of accounting because she is actually impacting a business, and feels satisfied when she experiences tangible results.

In a governmental accounting job, an accountant can give advice on budgets, spending priorities, tax programs, and overall efficiency of the governmental entity. The governmental sector includes the FBI, the Securities and Exchange Commission, and the Department of the Treasury. In not-for-profit entities, accounting jobs include duties such as budget compliance for the group. For better insight into governmental and not-for-profit accounting, Dr. William Wrege, a professor at Ball State University, informed me that governmental and non-profit entities have a different kind of setting. He said that it’s different from a corporate feel because there are no stock investments or financial reporting to the Securities and Exchange Commission and entities must present financial reports by rules laid down by the Governmental Accounting Standards Board. There exist many opportunities in governmental and not-for-profit fields, such as Defense Finance and Accounting Services (DFAS), who

comes to Ball State's campus to recruit students each semester. Finally he stated that at least 1/3 of all accountants end up in the governmental and not-for-profit area.

Finally, an accounting major in education can teach a variety of subjects, publish books, use their expertise in consulting, or serve as an expert witness. For a career in accounting education, Dr. Van Alst said that she especially likes the education aspect because she enjoys her students and receives genuine satisfaction out of seeing them catch on to her specialty, that she's been studying for many years. Dr. Van Alst also enjoys her colleagues, talking about new accounting concepts, and discussing ideas with them. Another perk is the autonomous schedule that she can set. This was especially helpful during child rearing. She enjoys the research aspect of the job as well, but not as much as she likes the students. Finally, she said the compensation is very good because there is a shortage of accounting professors.

Academic Path

The next portion of my project will follow the academic path from the freshman year through graduation. It will explore the ways that will get an accounting student to meet his or her career goals by reviewing steps other students have taken and asking professionals' and professors' advice on this topic.

Freshmen

To begin, freshman year is the time to decide what kind of path to take. If a student decides on an accounting major, they are required to first complete the Miller College Core Curriculum. But while students are taking these courses, they should be constructing a four-year plan to meet their class requirement goals. This plan should take into consideration that an accounting major will eventually need 150 credit hours to sit for the CPA exam. This can be done in four years, or, as it is becoming more

popular, to complete five years of classes by adding graduate school and obtaining a masters degree.

Also, as many firms will not interview or give a resume a second look below a certain GPA, it is important to work hard to keep grades at the highest level possible.

Also, as many firms will not interview or give a resume a second look below a certain GPA, it is important to work hard to keep grades at the highest level possible. Most firms will not look at a resume unless a GPA is at least a 2.5, but the best bet is to obtain a 3.0 or higher.

It is also important for a student to become involved in activities outside of school work. This can include business fraternities, accounting club, any social fraternity or sorority, or other programs. Potential employers not only look for extracurricular involvement, but also what leadership roles the student held. Therefore, it is very important to become involved as early as possible and assume leadership positions in the organizations a student becomes involved in. Lastly, freshman year is a great time to begin forming a quality resume. Forming a resume can be a difficult task, but there are numerous resources to help Ball State students. One helpful resource is the Career Center, which has scores of examples of quality resumes and cover letters on the website⁴, as well as seminars and programs that help critique and evaluate resumes. It is very important to not have any misspellings or grammatical errors, and for the entire resume be eye catching. These resume goals can be accomplished by simply making an appointment with the Career Center.

I asked Dr. James Duncan, a professor in the Ball State University accounting department, seeking his advice for young accounting majors. He said he recommends that students become prepared for the recruitment process. By this he means that students should be prepared for when the time comes to interview.

⁴ www.bsu.edu/careers

A good way to do this is to attend Career Center programs that conduct mock interviews. Also, be able to anticipate questions that a potential employer might ask, which includes knowing what strengths, weaknesses, and past opportunities can be used to your advantage. It also means being able to use past experiences and situations to your advantage. Practicing an interview with either the Career Center or a friend is a good idea as well.

The next way to be prepared is to build a resume. To build a resume a student must work hard for a good GPA, participate and take on leadership roles in the process, and if possible be employed to show responsibility.

The last way Dr. Duncan said to be prepared was to pay attention to the way a student dresses. He said that it is a must during interviews to wear a suit, which means the pants match the jacket, and the jacket must be worn. He said a lot of the time young men and women don't pay attention to this, and it can leave a bad impression on the potential employer.

Sophomores

During the sophomore year of college, according to Dr. Duncan, a student should begin the job and internship search process. This means continuing what was started the year before by working hard, getting good grades, and being involved in leadership positions.

It is important to attend the career fairs during the fall and spring semester of sophomore year. A student must first research and look into what interests him or her, find the companies that have those qualities, and then go to the career fair and talk to the representatives from those places. Equally important is to get your face and name out into the employer arena because even though it might not be the time for a student to get an internship or a job, the likelihood of someone remembering a student is greater if he or she makes the effort to meet the employers.

Before or immediately after attending the career fair, it is crucial a student signs up on Cardinal Career Link. This includes following the tutorial to upload a resume and possibly a cover letter, and then signing up for any interviews that would be interesting. If students are not granted any interviews during this time, they should not be discouraged because employers are more likely to remember them for the next year or semester.

When asked what he sees students least expecting about the recruitment and interview process, Dr. Duncan said that students are usually taken off guard by how early the process begins. When the fall semester begins each year, students have three weeks to prepare themselves for the career fair. This means preparing a resume and getting an idea of which companies to visit, after completing some research about what a student is looking for. Then after the career fair, employers start interviews immediately. So, it is important that students are already signed up for the interviews they want before the career fair, or that it is done immediately afterward. Within three weeks of the career fair, all employers have completed on-campus interviews, so there is a very short window to really take advantage of the process. To be fully prepared, a student will need to do work early on in the semester if he or she reasonably wants a chance at an internship or a job in the accounting field.

Juniors

During a student's third year of college, it is very important to keep up with work done in previous years. This includes paying close attention to time constraints and signing up for interviews early. It is often during the junior year, either spring semester or during the summer, a student will get an accounting internship. Internships are crucial because they will let a student know if the right career path has been chosen. However, if a student doesn't get an internship during his or her junior year, then he or she will have more experience for next year, and will learn to improve upon weaknesses.

If a student gets beyond on-campus interviews and is asked to attend an office visit, it is also important to be prepared. Preparation for office visits include researching the company's history and background in order to have a basic understanding of its operations and origin, and practicing interview questions again. A potential employer will almost always ask a question about the company during an interview, and a potential candidate will have a better chance if they know a little about the company.

Contrary to what some students believe, it is important to keep in mind that employers aren't always looking for cut and dry answers. When asked what advice she had for students going through the recruiting and internship process, Jaime Charlson, a recruiter at Ernst and Young, said, "My advice is to relax and be yourself. Recruiters and interviewers aren't just looking for the "right" answers; they want to get to know you. During your internship, ask a lot of questions. The more questions you ask, the more you'll learn, grow, and succeed."

If an internship is a possibility, it is vital that a student work hard and put his or her best foot forward because this can lead to full-time employment after graduation. I also asked Jamie Charlson what qualities Ernst and Young looks for during the internship to know if a student is going to receive a full-time offer. She said, "Qualities we look for include a strong dedication to team-work, good communication skills, integrity, leadership, and professionalism."

I also asked the same question of Diane Schabath, the director of Human Resources at Umbaugh, an accounting firm in Indianapolis. She told me that managers first look at the quality of work, to make sure the interns are learning and understanding the work. She also said they watch to see if someone is dependable and they work well with others. Finally, the company wants to make sure that the intern is enjoying the work because otherwise they won't enjoy a full-time career in accounting.

These ideas are important to keep in mind during an internship opportunity. If a full-time opportunity is not extended at the end of an internship, the experience will set a student apart during recruiting the next year and enable him or her to more easily obtain a full-time offer at another company.

Seniors

During the school year that a student will graduate, he or she must keep up with all prior tasks, and once again, be ready for an early recruiting season. Sign up for interviews with companies that best meet the interests and qualities the student is looking for. Often when doing this for the second or third time, it is a lot easier to sign up for interviews that will be the most worthwhile, because by now a student will know what companies fit or do not fit his or her personality the best. During these interviews, it is key to use any internship experiences already obtained to sell yourself, which should be easier to do since all of these things have already been practiced for two prior recruiting seasons.

I asked Diane Schabath what advice she would have for a student seeking full-time employment after graduation. She said that it is important to do some soul searching to see what kind of career a student really wants. In order to really evaluate what a student wants to do after graduating it is important to perform research on the company, the industry, and on interview questions that will be asked of you, as well as compile questions a student might have for the company. The more information a student has the better prepared he or she will be to make good decisions about the future.

Making a Decision

If the steps presented above have been followed, a student should have at least one job offer on the table after interviews and recruiting are finished. It is important to evaluate any alternatives that a student might have to make sure the best decision is made.

Usually an employer will allow a few weeks for decision making. If extra time is needed, a prospective employee can ask for an extension. However, it is important to respect the employers time as well. Diane Schabath gave some great advice about deciding between job offers. She said to take the time needed to think through the decision. Usually 48 hours is a reasonable time to ask of an employer, or longer if the time is given to the potential candidate, to make a decision.

Diane said to consider all factors: the organization, the industry, and the people, and to make sure a student gets the experience out of the first position after school that he or she needs. She also explained that it is important to make sure that the goals and values of the student match with those of the organization. Lastly, she said that if a student doesn't make the right decision the first time, to give the job six months to a year to be sure that the company was given a fair chance.

Next, I interviewed a graduating Ball State student. Sarah Stall is starting her first full-time job at Ernst and Young in the fall of 2008. I asked Sarah what she least expected about the internship and job search process. She told me that she was most surprised about how early the firms start to recruit. The process to obtain a spring internship started at the beginning of the school year, and then to achieve her full-time position she interview in the summer before her Senior year through Ernst and Young's Summer Leadership Program. Sarah was offered a full time job in August 2007, and finds that most students are surprised that she has had a job lined up for so long when they have not even begun the process of job searching. Sarah is a good example of how to demonstrate that it is possible to get through all of those difficult tasks and get a great job right out of college.

Conclusion

The accounting field offers a wide variety of opportunities for students who are willing to put in the effort and hard work. Succeeding as an accounting major, or getting the job offer of choice, is not an easy task. It takes at least four years of achieving good grades, being involved, attending numerous professional events, and interviewing on-campus and at different companies. However, an accounting student can definitely be successful by investing time in the tasks laid out above. It is likely that students will achieve the best career for themselves if their college years are carefully planned and those plans are executed in the best way possible.

First Year

- ✓ Make sure you are on track with classes to get 150 credit hours
- ✓ Get good grades
- ✓ Get involved in student organizations
- ✓ Start to use Career Center resources to put together a resumé

Second Year

- ✓ Continue steps above
- ✓ Research companies that interest you
- ✓ Go to the career fairs that are held each semester to give out resumé
- ✓ Sign-up for interviews through Cardinal Career Link

Third Year

- ✓ Sign-up for interviews very early in the fall semester
- ✓ Be prepared for interviews by researching the company
- ✓ Be prepared for second interviews/office visits
- ✓ If you get an internship, make a good reputation for yourself

Fourth Year/Graduate

- ✓ Sign-up for interviews early in the fall semester
- ✓ Be prepared to sell yourself well with any internship experience you have gained
- ✓ Be able to make an educated decision when a job offer is given

Bibliography

Byrt, Frank. "Demand for Accountants Expected to Rise 10% in Early 2008." Financial Week 5 Dec. 2007. 29 Dec. 2007 <<http://www.financialweek.com/apps/pbcs.dll/article?AID=/20071205/REG/71205005/1036>>.

Chambers, Amy. Personal Interview. 8 Feb. 2008.

Culp, Richard. Personal Interview. 5 Mar. 2008.

Duncan, Dr. James. Personal Interview. 7 Mar. 2008.

"Today's CPA." Start Here Go Places. 2008. 29 Dec. 2007 <<http://www.startheregoplaces.com/todayscpas/salaries/?SSID=A831A21DB109427C9BD525AECDAF920D>>.

Qualitative Research Fall 2003. AICPA. 2003. 29 Dec. 2007<<http://ceae.aicpa.org/NR/rdonlyres/952C990A-91B0-4D7E-935D-406767000CA9/0/402b.pdf>>.

Schabath, Diane. Personal Interview. 22 Feb. 2008.

Stall, Sarah. Personal Interview.

The Scrantones. "The U.S. Office Theme Song." J. Ferguson.

Van Alst, Dr. Lucinda. Personal Interview. 7 Mar. 2008.

Wingerter, Robert. Personal Interview. 23 Mar. 2008.

Wrege, Dr. William. Personal Interview. 6 Mar. 2008.